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From: Beth Ericksen
To: geurick@amesco.com
Date: 11/15/2007 12:35 PM
Subject: SURETY COST example

Hi Glenn,

In our meeting yesterday, Lennie left a copy of the surety bond spreadsheets. I have had an opportunity to review the summary page and have the following comments based on the submitted *example*:

1. location factor adjustments are rarely granted. Reasons can be expressed conversationally.
2. The Division will accept percentages added to the bond amount only for the indirect costs category. There are several included categories that are not considered indirect costs: *mob and demob, site maintenance, and post mine monitoring*. What that means, is that direct costs require specific and detailed information which may be generally outlined in any of the below statements.
3. Clean up costs should be included as follows: each 'section' should have a dollar amount assigned for clean up and disposal. Include the location of the disposal site and the mileage (this part is often overlooked). Then 1% is added as indirect costs with RS MEANS reference.
4. Include INFRASTRUCTURE costs such as: removal and disposal of fencing, utility line, septic systems. Do not allow for salvage value. If there are no infrastructure costs, provide that information.
5. If pads and foundations are part of the facilities, include this information and disposal methods. (this information is often omitted in submittals).
6. Provide a list of equipment used, quantity and its application (related to mob/demob).
7. Include o&p in the line items in the detailed bond computations sheets, then omit it as an indirect cost (24%).
8. Contingency is 10% and not 5% (indirect costs)
9. Reclamation management fee is 7.25% (indirect costs) (exclude project management and engineering redesign).
10. 5-yr escalation is 3.20%, added to the sum of the direct and indirect cost total.

These comments are brief and are not the result of an extensive overview of the submitted example bond calculation sheets, in fact only the summary sheet was looked at. Some of the above information may have already been captured and was overlooked due to the nature of my simplistic overview.

Hopefully this information is helpful and will reduce the review process time once you submit.

-Beth Ericksen

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